

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03 SS-15

USIA-15 ACDA-19 IO-15 AID-20 OMB-01 DRC-01 EB-11

AGR-20 COME-00 TRSE-00 /171 W
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R 101100Z OCT 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7265

INFO AMEMBASSY COLOMBO

AMEVCASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

CINCPAC

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CONCPAC FOR POLAD

E.O. JIYTW N/IO

TAGS: PINT, IN

SUBJECT: DOMESTIC POLITICAL REVIEW: SIGHS OF RELIEF

REF: NEW DELHI 10567

SUMMARY: IN THE MONTH SINCE REFTTEL, CONTINUED GOOD MONSOONS,
THE USSR GRAIN LOAN, AND AN EASING OF TENSIONS HAVE COMBINED
TO STRENGTHEN THE PRIME MINISTER'S POSITION. SHE HAS MOVED
DECISIVELY TO DISCIPLINE HER PARTY, ENCOURAGE HER FOLLOWERS
IN THE STATES, AND KEEP THE OPPOSITION OFF BALANCE. SHE
IS EXPECTED TO MAINTAIN THE INITIATIVE BY RESHUFFLING HER
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CABINET AND INSTALLING CONGRESS MINISTRIES IN TWO KEY STATES.

WE DOUBT THAT THESE MOVES PRESAGE A NEW POLITICAL/ECONOMIC STRATEGY. END SUMMARY.

1. THE MONSOON CONTINUED GOOD TO EXCELLENT THROUGHOUT INDIA IN SEPTEMBER AND RECORD OR NEAR-RECORD GRAIN HARVESTS ARE EXPECTED. PRICES HAVE BEGUN TO FALL A LITTLE AS HOARDERS, REALIZING THAT THE SUPPLY SITUATION WILL IMPROVE, HAVE RELEASED GRAIN INTO THE MARKETS. THE USSR GRAIN LOAN WILL FURTHER CONTRIBUTE TO EASING SCARCITIES, PARTICULARLY IN NORTHERN INDIA. SEPTEMBER PASSED WITH ONLY ISOLATED OUTBREAKS OF VIOLENCE. THESE DEVELOPMENTS ALL COMBINED TO STRENGTHEN THE PRIME MINISTER'S HAND.

2. PERHAPS SENSING A CHANGE IN HER POLITICAL FORTUNES, THE PRIME MINISTER SEIZED THE POLITICAL INITIATIVE IN SEPTEMBER. BY DISCIPLINING DINESH SINGH ON THE EVE OF THE SEMI-ANNUAL ALL-INDIA CONGRESS COMMITTEE (AICC) MEETING, SHE TURNED THE SEPTEMBER 15-7/ CONCLAVE INTO A TAME AFFAIR DURING WHICH EVERY SPEAKER FELT OBLIGED TO PRAISE HER LEADERSHIP. THE STATE-MANAGED "REPHASING" (ABANDONMENT, AT LEAST FOR NOW) OF THE COMMITMENT TO TAKE OVER THE WHOLESALE TRADE IN RICE WAS GREETED WITH A SIGH OF RELIEF BY MOST CONGRESS POLITICIANS. THE LOW-DECIBEL NEGATIVE REACTION FROM THE CONGRESS LEFT INDICATED THE RADICALS' WEAKNESS WITHIN THE PARTY ON THIS ISSUE. LARGER FARMERS, WHOSE SUPPORT THE CONGRESS NEEDS, WERE FURTHER PLACATED BY THE CHIEF MINISTERS' DECISION TO RAISE THE PROCUREMENT PRICE FOR RICE. ALTHOUGH THE PRIME MINISTER'S OVERTURES TO CONGRESS-O LEADER KAMARAJ AND KASHMIR'S SHEIKH ABDULLAH HAVE NOT YET PRODUCED ANY FORMAL CHANGES IN PARTY AFFILIATION, THEY SERVED TO KEEP THE OPPOSITION CONFUSED AND DIVIDED.

3. FOLLOWING UP ON HER AICC SUCCESS, THE PRIME MINISTER RENEWED THE SERIES OF CAMPAIGN TRIPS WHICH SHE HAD SUSPENDED FOLLOWING THE SPRING POLICE MUTINY IN UTTAR PRADESH (UP). SHE
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FLEW TO MADRAS, KASHMIR, AND WESTERN UP, FREQUENTLY DISPLAYING THE FAMOUS NEHRU FAMILY IRASCIBILITY IN GREETING UNRULY CROWDS AND SUPPORTERS AND IN FLAYING SEPARATISM, COMMUNALISM, AND THE STAND-PAT OPPOSITION PARTIES. IN HER EFFORTS TO INSTILL CONFIDENCE IN HER FOLLOWERS, SHE TOOK A STRONGLY NATION-ALISTIC AND AT TIMES IMPLICITLY ANTI-AMERICAN LINE MANY OF HER SPEECHES. BUT THE THEME OF FOREIGN INTERVENTION AND SUBVERSION WHICH CROPPED UP IN HER AICC COMMENTS ON CHILE DROPPED OFF ALMOST AS SUDDENLY AS IT HAD APPEARED.

4. IN THE STATES, THE PRIME MINISTER'S "NOMINATED" CHIEF
MINISTERS NO LONGER APPEARED THREATENED WITH OUSTER BY CONGRESS
DISSIDENTS. HER GOVERNMENT WAS ENCOURAGED BY THE GENERALLY
FAVORABLE RECEPTION GIVEN A SIX-POINT GOI FORMULA TO MAINTAIN
THE UNITY OF ANDHRA PRADESH. MOST OBSERVERS PREDICT THAT
CONGRESS MINISTRIES WILL SOON BE INSTALLED IN UP AND POSSIBLY
ANDHRA. A FURTHER INDICATION OF THE RULING PARTY'S NEW-
FOUND SELF-CONFIDENCE WAS PROVIDED BY HOME MINISTER DIKSHIT,
WHO PUBLICLY ANNOUNCED THAT THE UP ELECTIONS WOULD BE HELD
ON SCHEDULE IN FEBRUARY/MARCH 1974.

5. IN THE CAPITAL, SPECULATION INCREASED ABOUT ANOTHER CABINET
RESHUFFLE BEFORE PARLIAMENT CONVENES IN EARLY NOVEMBER.
WHILE THERE WAS NO AGREEMENT ON THE POLITICAL FATE OF PARTICULAR
POLITICIANS, THE MAJOR FIGURES (DEFENSE MINISTER RAM, FINANCE
MINISTER CHAVAN, EXTERNAL AFFAIRS MINISTER SWARAN SINGH)
SHOULD RETAIN TOP PORTFOLIOS. IT IS DOUBTFUL THAT ALL THIS
ACTIVITY WILL LEAD TO A SHIFT IN POLITICAL AND ECONOMIC
POLICY. CERTAINLY, DESPITE THE GOOD OMENS OF OCTOBER, THE
BASIC PROBLEMS--POPULATION
PRESSURES, A SLUGGISH INDUSTRIAL
SECTOR, EXCESSIVE CENTRAL CONTROL
FROM NEW DELHI, INEFFECTIVE
AND
UNREALISTIC ECONOMIC PLANNING, AND CORRUPTION-- ARE
AS INTRACTABLE AS EVER. NONETHELESS, IT IS DIFFICULT TO
AVOID THE IMPRESSION THAT ALMOST EVERYONE IS ENJOYING THE
RESPITE BROUGHT ON BY THE RELAXATION OF SUZUNUR TENSIONS
AND HOPES FOR AN EASIER WINTER.
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MOYNIHAN

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